

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

Illinois Commerce Commission)	
On Its Own Motion)	
)	No. 07-0483
Development of net metering)	
Standards required by P.A. 95-0420)	

**REPLY OF COMMONWEALTH EDISON
COMPANY TO COMMENTS ON “TARGET” RULE**

Commonwealth Edison Company (“ComEd”) submits this reply to the comments of others on the “target” final rule for net metering compiled by Staff. ComEd agrees with several of the language changes proposed by others. However, ComEd will begin with those proposals with which it must disagree.

I. ELPC’s Proposal for the Proration of Demand Charges is not Based on the Law.

ELPC’s proposal to prorate demand charges for customers with facilities $\leq 40\text{kW}$ is based on its view that the statute was designed to create “true” net metering for those customers. ComEd is not sure what the source of “truth” is for ELPC; however, ComEd looks to the language of the statute and finds no support for ELPC’s proposal.

First, subsection (d) of sec. 16-107.5 indicates that the customer is to be given “kilowatt-hour credits” when the customer’s generation exceeds its electricity usage. Second, subsection (e) makes it clear that the net metering customer is subject to all “rates that are identical, with respect rate structure, retail rate components, and any monthly charges, to the rates that the customer would be charged if not a net metering customer.” Reading these two sections together means that the net metering customer’s benefit derives from the kilowatt-hour (“kWh”) credits resulting from its generation in

excess of its electricity usage, but not from any creation of charges or rate structures that aren't applicable to other customers.

Subsection (e) provides that the customer will “remain responsible for ... utility delivery charges applicable to the net amount of electricity used by the customer.” For customers who take delivery services under a rate that is based on kilowatts hours of use,¹ this clearly means that any kWh credits the customer has accumulated must be used to reduce the number of kWhs against which the kWh-based delivery service charge rate would be applied. However, for those larger non-residential customers who, by tariff, are assessed a distribution facilities charge based on their “demand” – i.e., by how much power they are drawing off the grid at any one time – any kWh credit they may have is meaningless because their charge is based on kilowatts of demand – not kilowatt-hours of usage. That is not to say, however, that their generation will have no effect on their delivery service charges. To the extent that their generators reduce the amount that these customers “draw” off the network, their peak demand may be reduced accordingly and so will their delivery service charges. However, by the terms of the tariff, which must be applied to these net metering customers non-discriminatorily, kWh credits cannot be used to reduce the tariffed delivery service charge – as ELPC has proposed. ELPC’s proposal must be rejected.

II. There is a Practical Problem with ELPC’s Interpretation of Sec. 465.50(b)(1)(i).

For customer with generator >40kW, who are taking supply under other than time of use rates, ELPC wants the above section clarified to reflect that the electricity

¹ For ComEd, this group consists of all residential customers and most small non-residential customers – those with a monthly usage of less than 2000 kWh or a maximum half-hour demand less than 10 kW.

provider's compensation to the net metering customer at avoided cost rates should apply only to the amount of generation put out to the grid that is net positive when calculated over the entire billing period. ELPC's example is that, if a generator put 120 kWhs onto the grid in a month, but took 100 kWhs off the grid that month, then avoided cost compensation would apply only to 20 kWhs.

ComEd's problem with this interpretation lies in the fact that ComEd has basically two tariffed avoided cost rate structures, peak/off-peak and hourly pricing, both of which are "time of use" based. In order to compensate the customer for the generation it puts onto the grid, ComEd needs to know when the generation takes place so that it can apply the proper rate. In ELPC's example, all 120 kWhs were put onto the grid, but how should ComEd determine which of those 120 are the 20 that should be compensated?

ComEd plans a fair solution for the customer in this case: compensate the customer for all generation put onto the grid at the rates appropriate to the times that the generation took place.² It must be remembered that all this generation is "excess" – i.e., it is introduced onto the grid only if it exceeds the customer's usage at any point in time – and that, therefore, in this respect, ComEd would be compensating the customer only for its "excess" kWhs.

III. ELPC's Proposal to Require Utilities to Report on Their Consideration of Net Metering Aggregation Should be Rejected.

ELPC asks that the rule be modified to require that each electricity provider be required to report on its consideration of certain "aggregated" net metering arrangements identified in the statute. The statute itself does not call for such reports and, while the

² Conversely, the customer would be charged the required tariffed rate for all the supply taken off the grid when the customer's generation was insufficient to meet its load.

Commission could require such a report if it so chose, the need for such a report is not apparent at this time. ELPC's proposal in this regard should be rejected.

III. ELPC's Proposal to "Toll" Time on Queue Pending an Application for Interconnection is Unnecessary.

The "target" rule would allow electricity providers to remove net metering applicants from the queue if they have not executed an interconnection agreement within 12 months. ELPC would like to "toll" that period for the period of time the utility takes to review the application for interconnection. ELPC's proposal is simply unnecessary. The fact of the matter is that the period of the utility's review will be subject to Commission rules governing the interconnection process that will likely be issued shortly.

IV. Some of Constellation NewEnergy's Proposals Should be Modified.

Two of Constellation's proposed changes should be rejected or modified to be consistent with the legislation.

First, Constellation proposed that in sec. 465.50(a)(1)(iii), insertion of the words "at the tariffed or contract rate" is contrary to the legislation's design that kWh credits be carried over. This paragraph deals with customers taking service at other than time of use rates so there would be no need to monetize the credit on a monthly basis.


Second, the language in 465.50(a)(1)(iii) and 465.50(a)(2)(iii) needs to reflect that the utility might be a source of credits for the customer separate from the electricity provider.

V. ComEd Agrees with Certain other Changes proposed by Ameren and MidAmerican.

ComEd generally supports other clarifying changes proposed by Ameren and those changes proposed by MidAmerican in paragraphs 2 (on p.2 – the second paragraph 2) and 3 of its comments. At this time ComEd is not certain that other changes proposed by MidAmerican are necessary.

Respectfully submitted,

COMMONWEALTH EDISON COMPANY

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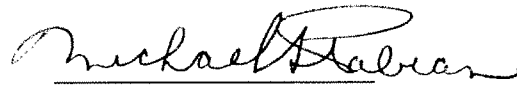
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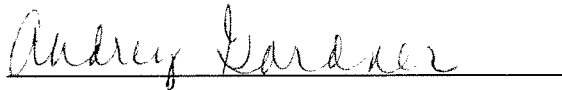
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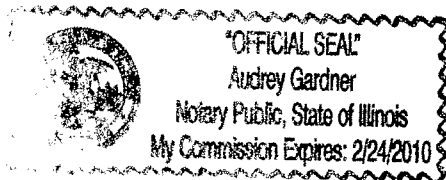
VERIFICATION

I, Michael S. Pabian, being first duly sworn, state that I have read the foregoing Reply Comments of Commonwealth Edison Company, that I am knowledgeable of the facts stated therein, and that the same are true and correct to the best of my knowledge and belief.


Michael S. Pabian

Subscribed and sworn to before
me this 23rd day of January, 2008.





CERTIFICATE OF SERVICE

I, Michael S. Pabian, do hereby certify that I caused a copy of the foregoing Reply of Commonwealth Edison Company to be served on the parties to this docket by electronic mail this 23th day of January, 2008.

